REPORT SUMMARY SHEET

TITLE:

2023/24 MONTH 09 BUDGET MONITORING UPDATE

Purpose

To update the South East Wales Corporate Joint Committee (the CJC) on the 2023/24 Month 09 Revenue Budget Monitoring position and projected out-turn, as at 31 December 2023.

Summary

At Month 09 the 2023/24 Budget is projected to be underspend by £74,879 by the end of the year, noting a number of positive and adverse variations against the approved budget heads. The budget position will continue to be monitored through the remaining part of the financial year and further updates will be reported to the CJC as appropriate.

Recommendations

It is recommended that the South East Wales Corporate Joint Committee notes the 2023/24 Month 09 Budget Monitoring position and projected out-turn position as set out in this report.

Contact Officer

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South East Wales Corporate Joint Committee
Cyd-bwyllgor corfforaethol De-Dwyrain Cymru

29 JANUARY 2024

2023/24 MONTH 09 BUDGET MONITORING UPDATE

TO RECEIVE THE REPORT OF THE INTERIM SECTION 151 OFFICER

AGENDA ITEM: 6

Reason for this Report

1. To update the South East Wales Corporate Joint Committee (the CJC) on the 2023/24 Month 09 Revenue Budget Monitoring position and projected out-turn, as at 31 December 2023.

Background

2. The South East Wales CJC Regulations 2021 came into force on 1 April 2021 which established the corporate legal entity of the CJC, consisting of the 10 constituent Cardiff Capital Region (CCR) local authorities and, for the purposes of the Strategic Development Plan (SDP), the Bannau Brycheiniog National Park Authority (BBNPA).

3. The CJC is responsible for carrying out the Strategic Development Planning (SDP) function and preparing a Regional Transport Plan (RTP) (the "New Functions") as well as having a wider Economic Wellbeing role across the South East Wales region. These Economic Wellbeing powers have provided the opportunity to 'Lift & Shift' the Cardiff Capital Region City Deal (CCRCD) from the existing arrangements to the new corporate entity through which multiple programmes, investments and functions can be developed and delivered on a regional basis.

4. At its meeting of the 30 January 2023, the CJC adopted a 'Building Foundations' approach to setting its 2023/24 budget and, in doing so, approved a revenue budget of £255,662. This approach was designed to minimise the impact of any detriment incurred by the CJC whilst certain technical issues remained outstanding. Therefore, for the 2023/24 budget a nominal sum of £25,000 was approved for each of the CJC operational areas, i.e. for the commencement of the Strategic Development Plan (SDP) and the Regional Transport Plan (RTP).

5. In addition, the 2023/24 budget included additional sums to build on the CJC's Standing Orders, for example to review the arrangements for sub-committees required under the Regulations. However, the report noted that, whilst the CJC operated on a Building Foundations basis, the work programme for its various sub-committees was likely to be limited and decisions around the formal commencement date for each of the sub-committees would be considered later in the year.

6. Therefore, as in prior years, the key aspect of the 2023/24 budget revolved around the resources needed for CJC management and overheads required to support the CJC's overall governance and decision-making processes. Furthermore, the budget

approved included sums to allow the CJC to be compliant with wider legislation such as the preparation (and audit) of its accounts under the Accounts & Audit Regulations 2014.

Issues

7. At its meeting of the 4 December 2023, the CJC received an update on the actual income received, expenditure incurred at Month 07 (31 October 2023) and the projected out-tun for the year, based on the information known at that time. At Month 07 it was projected that whilst some categories of expenditure would be incurred in the second half of the year, overall the CJC's Budget was on target to be fully spent by the 31 March 2024.

8. Table 1.0 below provides an updated position against the 2023/24 approved CJC revenue budget as at Month 09 (31 December 2023). The Month 09 projected out-turn position outlines that a number of changes have crystallised and these now reflected in the updated forecast.

Table 1. Revenue Budget Monitoring Position as at Month 09

South East Wales Corporate Joint Committee Operational Budget - Building Foundations						
Description	2023/24 Budget	Month 09 Actual	Month 09 Commit'	Month 09 Revised	23/24 Forecast	23/24 Variance
	£	£	£	£	£	£
1. New Functions						
Strategic Development Plan - CJC	25,000	-	-	-	10,000	- 15,000
Regional Transport Plan (RTP) - CJC	25,000	-	-	-	-	- 25,000
RTP - WG Funded Expenditure	-	-	-	-	125,000	125,000
New Functions Sub-Total	**50,000**	**-**	**-**	**-**	**135,000**	**85,000**
2. Governance & Sub-Committees						
Governance & Audit Committee	6,500	-	-	-	-	- 6,500
Standards Committee	500	-	-	-	-	- 500
Scrutiny Committee	500	-	-	-	-	- 500
Translation Services	500	-	-	-	-	- 500
Governance & Sub-Committee Sub-total	**8,000**	**-**	**-**	**-**	**-**	**- 8,000**
3. Corporate Duties						
Maintaining CJC Corporate Duties	5,000	-	9,545	9,545	14,317	9,317
Corporate Duties Sub-total	**5,000**	**-**	**9,545**	**9,545**	**14,317**	**9,317**
4. Management & Overheads						
CCR SLA: CJC Officer & Cabinet Support	58,531	-	51,716	51,716	78,656	20,125
CC SLA: Statutory Officers & HR Advisory	36,100	-	3,667	3,667	5,500	- 30,600
RCT SLA: Transactional Support & Systems	46,031	-	27,851	27,851	41,777	- 4,254
CJC Insurances & Broker Fees	20,000	4,251	7,227	11,478	15,407	- 4,593
External Audit	2,000	2,100	-	2,100	2,100	100
CJC Interim s151 Officer arrangements	-	-	-	-	13,000	13,000
Contingency	30,000	- 1,496	1,522	26	26	- 29,974
Management & Overheads Sub-total	**192,662**	**4,855**	**91,983**	**96,838**	**156,466**	**- 36,196**
Total Annual Budgets	**255,662**	**4,855**	**101,529**	**106,384**	**305,783**	**50,121**
6. Funded By						
SEW CJC Constituent LAs	- 255,123	- 253,023	- 101,315	- 106,159	- 255,123	-
Bannau Brycheiniog NPA	- 539	- 539	- 214	- 224	- 539	-
Welsh Government Grant - RTP	-	-	-	-	- 125,000	- 125,000
Total	**- 255,662**	**- 253,562**	**- 101,529**	**- 106,384**	**- 380,662**	**- 125,000**
NET SURPLUS/DEFICIT	**-**	**- 248,707**	**-**	**-**	**- 74,879**	**- 74,879**

9. Table 1 summarises that at Month 09 the revised expenditure amounted to £106,384, which represents 42% of the approved budget. In summary, the Month 09 position is projecting an underspend of (£74,879) in 2023/24. The position outlined above includes a number of favourable and adverse variances against individual budget heads, which can be summarised as follows:

New Functions (+£85,000)

10. The CJC has undertaken a range of preparatory work (assessment of the emerging Welsh Government (WG) guidance, meetings with WG and Constituent Councils etc.) on both the Strategic Development Plan (SDP) and the Regional Transport Plan (RTP). The RTP Implementation Plan was submitted to Welsh Government in-line with the 31 October 2023 deadline and the SDP Delivery Agreement is being progressed with a view to being submitted in early 2024.

11. A range of costs have been incurred to date and these are in the process of being quantified. It is anticipated that the costs for the RTP are projected to total £125,000 and will be fully met from the Welsh Government grant funding recently approved. For this reason the £25,000 CJC RTP budget is unlikely to be required and therefore the projections have been reduced accordingly. In respect of the SDP budget, the projections have been reduced to £10,000, resulting in a projected underspend of (£15,000).

Governance & Sub-committees (-8,000)

12. During the first part of the year, the CJC has approved a number of recommendations in respect of the arrangements for the CJC's Governance & Audit Sub-Committee and its Standards Sub-Committee. The budget included the agency recruitment costs associated with the appointment of the Governance & Audit Sub-Committee a lay Chair and Vice-Chair and an assumption that a minimum of one meeting would be held during 2023/24. At Month 09 it has been established that a recruitment agency is unlikely to required and the planned meetings will not be held during 2023/24. For these reasons the projections have been reduced to nil, resulting in an underspend of (£8,000).

Corporate Duties (+9,317)

13. The Governance Manager has progressed discussions with a range of government agencies to assess the proportionate requirements which the CJC will need to put in place in respect of a wide range of corporate duties. The exact requirements are still being worked through but will reflect the CJC's maturity and current operating parameters i.e. that it is at the 'Building the Foundations' phase of evolution. At Month 09 the cost of the Governance Manager's time (based on an average of 1 day per week from July 2023) has been recorded against this budget. The full year projection (£14,317) has been prepared on this basis and will need to be reviewed and updated as the arrangements with the various agencies are finalised and costed.

Management, Support & Overheads (-£36,196)

14. The 3 key Service Level Agreements agreed with Cardiff Capital Region City Deal (CCRCD), Cardiff Council (CC) and Rhondda Cynon Taf (RCT), amount to £140,662 and represent over 73% of the total Management, Support & Overhead budget for

2023/24. As at Month 09 the combined spend against these budgets amounted to £83,234 or 59.2% of the approved budget. However, as activity ramps up through the course of the year, spend of £125,933 is projected across these 3 areas in 2023/24.

15. The remaining budgets consist of CJC Insurances (including broker fees), the External Audit fee and Contingency budget, which amount to £52,000. The full year projected spend against these budget heads amount to £30,533 at Month 09. The Insurance premium and broker fees have been paid for the year (£15,407) and it has been confirmed that this sum is inclusive of employee-related insurances expected in 2023/24 i.e. the appointment of the Chief Executive and wider Executive Team. The position for next year is being discussed with the broker and any increase will need to be built into the 2024/25 budget.

16. In addition, at Month 09 a projection of £13,000 has now been included for the appointment of the CJC's Interim s151 Officer and the projection in respect of the Contingency budget has been reduced to nil. On this basis a net underspend of (£36,196) is projected against the Management, Support & Overheads budget.

Funding (-£125,000)

17. To assist with the CJC's cashflow requirements, funding due from the Constituent Councils (£255,123) and the BBNPA (£539) was invoiced in the early part of the financial year. These sums have been received in full and the appropriate amounts have been released to the CJC's revenue account to meet the expenditure incurred to-date.

18. It has now been confirmed that Welsh Government will make grant funding of £125,000 available in respect of eligible Regional Transport Plan costs incurred from the 1 April 2023. This grant has now been fully included into the overall budget monitoring position at Month 09.

19. The figures outlined above are all shown net of VAT (where applicable) and reflect the CJC's s33 VAT status. The CJC is yet to formally register itself for VAT with HMRC and in the meantime continues to reclaim its VAT via the s126 Notice process.

Reasons for Recommendations

20. To update the CJC on the 2023/24 Budget Monitoring position at Month 09 and the projected out-turn position for the year.

Financial Implications

21. The report provides an update on the CJC's 2023/24 Budget Monitoring position and projected out-turn as at Month 09. Given the subject of the report, the financial implications are clearly set out in the body of the report. The budget position will continue to be monitored through the remaining part of the financial year and further updates will be reported to the CJC as appropriate.

22. Subject to the final out-turn position, the CJC may consider setting aside any underspend as part of its general reserves for use in future years and to improve its overall financial resilience.

Legal Implications

23. The Corporate Joint Committee is required by Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The CJC's Interim s.151 Officer has established financial procedures to ensure the CJC's proper financial administration. These include procedures for budgetary control. It is consistent with these arrangements for the Corporate Joint Committee to receive information about the status of the revenue budget and outturn position as set out in this report.

Well-being of Future Generations (Wales) Act 2015

24. The Well-being of Future Generations (Wales) Act 2015 places a duty on public bodies to carry out 'sustainable development', meaning the process of improving the social, economic, environmental and cultural well-being of Wales by taking action aimed at achieving the 'well-being goals' of:

    - A prosperous Wales
    - A resilient Wales
    - A healthier Wales
    - A more equal Wales
    - A Wales of cohesive communities
    - A Wales of vibrant culture and thriving Welsh language
    - A globally responsible Wales

    and by acting in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

25. In order to act in accordance with the sustainable development principle, when exercising its functions, the CJC must take account of the following things:

    - the importance of balancing short term needs with the need to safeguard the ability to meet long term needs;
    - the need to take an integrated approach to achieving the well-being goals;
    - the importance of involving others with an interest in achieving the well-being goals and of ensuring those persons reflect the diversity of the population of the region;
    - how acting in collaboration with others could assist to meet the region's well-being objectives;
    - how deploying resources to prevent problems occurring or getting worse may contribute to meeting the region's well-being objectives.

Equality Act 2010

26. The Corporate Joint Committee must, in the exercise of its functions, have due regard to the 'public sector equality duty' and the need to: (1) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited under the Equality Act; (2) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not; and (3) foster good relations between persons who share a relevant protected characteristic and persons who do not.

27. The characteristics protected under the Act are:

- age;
- disability;
- gender reassignment;
- marriage and civil partnership;
- pregnancy and maternity;
- race;
- religion or belief;
- sex;
- sexual orientation.

28. There are no specific equalities implications arising from this report.

RECOMMENDATIONS

29. It is recommended that the South East Wales Corporate Joint Committee:

(1) notes the 2023/24 Month 09 Budget Monitoring position and projected out-turn position as set out in this report.

Christopher Bradshaw
Interim Section 151 Officer

Hrjinder Singh
Interim Deputy Section 151 Officer

29 January 2024

Appendix 1 Well-being of Future Generations Assessment

Future Generations Assessment Evaluation

Appendix 1

(includes Equalities and Sustainability Impact Assessments)

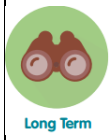
Name of the Officer completing the evaluation:	**Please give a brief description of the aims of the proposal**
Hrjinder Singh **Phone no:** 07890 027492 **E-mail:** h.singh@cardiff.gov.uk	To update the South East Wales Corporate Joint Committee (the CJC) on the 2023/24 Month 09 Revenue Budget Monitoring position and projected out-turn, as at 31 December 2023.
Proposal: It is recommended that the SEW CJC: 1. notes the 2023/24 Month 09 Budget Monitoring position and projected out-turn position as set out in this report;	**Date Future Generations Evaluation form completed:** 23 January 2024

1. Does your proposal deliver any of the well-being goals below? Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.

Well Being Goal	**Does the proposal contribute to this goal? Describe the positive and negative impacts.**	**What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?**
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	The report details the Financial Position at the end of Period 9 being the 31 December 2023. The report sets out the next steps in the development of the principles of the South East Wales Corporate Joint Committee (SEW CJC). Budget 2024/25.	The SEW CJC will bring together the CCR City Deal and the CJC into one coherent model of regional economic governance that will exist to maximise the opportunities for collaboration, ensure the best use of resources, increasing opportunity and generating jobs and GVA in the South East Wales economy.
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and	As above.	As above

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
can adapt to change (e.g. climate change)		
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	As above.	As above
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	As above.	As above.
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	As above.	As above.
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	As above.	As above.
A more equal Wales People can fulfil their potential no matter what their background or circumstances	As above.	As above.

2. How has your proposal embedded and prioritise the sustainable governance principles in its development?

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 Balancing short term need with long term and planning for the future	The current arrangements provide for an interim set of Standing Orders which will be in place as the region completes the transition process to the SEW CJC. By its nature, the report provides assurance of the balancing of short-term and long-term planning and goals. The three main tenets of the SEW CJC of strategic development planning, the Regional Transport Plan and the empowerment of the SEW CJC to take direct action around economic well-being will ensure that the activity in the region is balanced and far-reaching.	
Working together with other partners to deliver objectives	Partnership working has been at the heart of the Cardiff Capital Region's work, working with UK and Welsh Governments, local authorities and private and public sector organisations and communities. In addition, the SEW CJC approach will formalise the connection with the Brecon Beacons National Park Authority (BBNPA), who have voting rights, alongside the CCR Regional Cabinet, on matters pertaining to the SEW CJC's Strategic Development Plan.	
Involving those with an interest and seeking their views	The current commitment to transparent partnership working will be strengthened by the SEW CJC. The CJC will also inherit statutory obligations to consult and seek the views of the public which can only add to and strengthen the position going forward.	
Putting resources into preventing problems occurring or getting worse	The report details the budget monitoring position for the 2023/24 approved CJC budget and sets out that the CJC Transition Plan is being progressed with an effective date for implementing the Lift & Shift Model now in place.	

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
Considering impact on all wellbeing goals together and on other bodies	The SEW CJC will provide formal powers for the region to act on matters relating to economic well-being and to have a direct impact on well-being goals long-term. The commencement date for these duties was the 30th June 2022.	

3. Are your proposals going to affect any people or groups of people with protected characteristics? Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	Not relevant in this context since the principles, approach and ways of working apply to all prospective interests and stakeholders.		Diversity and inclusion into all partnerships and relationships will help ensure the protected characteristics agenda is embedded in ways of working and the culture that is created.
Disability	As above.	As above	As above.
Gender reassignment	As above.	As above	As above.
Marriage or civil partnership	As above.	As above	As above.
Pregnancy or maternity	As above.	As above.	As above.
Race	As above.	As above.	As above.
Religion or Belief	As above.	As above.	As above.
Sex	As above.	As above.	As above.
Sexual Orientation	As above.	As above	As above.
Welsh Language	As above.	As above	As above.

4. Safeguarding & Corporate Parenting. Are your proposals going to affect either of these responsibilities?

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	Describe any negative impacts your proposal has on safeguarding and corporate parenting	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?
Safeguarding	Not directly relevant; however, building the future economy should have a profoundly positive impact on ability to safeguard the future of our residents.		

Corporate Parenting	Not directly relevant; however, building strength in the economy should create opportunities for all of the young people entrusted in our care and make a direct contribution to well-being.		

5. What evidence and data has informed the development of your proposal?

As above.

6. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?

In the main, the proposal is building a stronger, more collaborative and supportive future for the region that will widen opportunities across the spectrum.

7. MONITORING: The impacts of this proposal will need to be monitored and reviewed. Please specify the date at which you will evaluate the impact, and where you will report the results of the review.

The impacts of this proposal will be evaluated on:	At least annually in light of the 'Building the Foundations' approach being taken at this time.